

EXHIBIT 416

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13 Adobe Systems Inc.

14
15 UNITED STATES DISTRICT COURT
16 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

17 IN RE: HIGH-TECH EMPLOYEE
18 ANTITRUST LITIGATION

19 THIS DOCUMENT RELATES TO:
20 ALL ACTIONS

Master Docket No. 11-CV-2509-LHK

21 DECLARATION OF DONNA
22 MORRIS OF ADOBE SYSTEMS INC.
23 IN SUPPORT OF DEFENDANTS'
24 OPPOSITION TO PLAINTIFFS'
25 MOTION FOR CLASS
CERTIFICATION

Date Consolidated Amended Compl. Filed:
September 13, 2011

ATTORNEYS EYES ONLY

26 EXHIBIT 416
27 Deponent Murphy
28 Date 12-3-12

Gina V. Carbone, CSR

416.1

Morris Declaration
Master Docket No. 11-CV-2509-LHK

1 I, Donna Morris, declare as follows:

2 1. I am the Senior Vice President (“SVP”) of Global Human Resources at Adobe
3 Systems Inc. (“Adobe”). I have been employed by Adobe in the human resources (“HR”)
4 department for more than 10 years. I began working for Adobe in April 2002 as the Senior
5 Director of Global Talent. In December 2005, I became the Vice President of Global Human
6 Resource Operations. In March 2007, I was promoted to my current position.

7 2. I have personal knowledge of the matters stated in this declaration. I make the
8 statements in this declaration based on information gained during my current and former positions
9 within Adobe’s HR department. I have been responsible for all HR operations, including the
10 compensation, benefits, and recruiting teams since March 2007. As part of my duties, I have
11 gained historical knowledge of Adobe’s compensation practices before 2007 by reviewing
12 Adobe’s past training and presentation materials and by participating in meetings and discussions
13 with other Adobe employees. The compensation policies and practices described herein apply to
14 Adobe’s salaried employees between January 1, 2005 and December 31, 2009 (the “Class
15 Period”).

16 3. The information in this declaration and the exhibits attached are confidential to
17 Adobe. It is Adobe’s practice to keep compensation policies and strategies confidential, for
18 internal use only, and not to disclose them to the public. The public disclosure of this information
19 would harm Adobe, including potentially impairing its competitive position in recruiting, hiring,
20 and compensating employees. Adobe derives independent economic value from keeping this
21 information confidential. Adobe has designated the information Attorneys Eyes Only under the
22 Protective Order entered in this case.

23 4. During the Class Period, Adobe employed thousands of employees in more than
24 400 job categories, including executives, human resource managers, compensation analysts,
25 benefits managers, payroll mangers, recruiters, attorneys, accountants, sales managers, product
26 managers, various types of software developers, quality assurance analysts, IT employees,
27 creative designers, web developers, facility managers, market research analysts, financial
28 analysts, business analysts, internal auditors, and various other jobs. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] As examples, attached hereto as Exhibits 1 through 5 are true
and correct copies of internal Adobe manager training presentations during the Class Period
discussing Adobe's compensation policy:

a. Exhibit 1 (ADOBE_015864), Adobe 2005 Performance, Salary & Stock
Focal, February 2005 – “We fairly and regularly assess performance results and differentiate
rewards based on performance”;

b. Exhibit 2 (ADOBE_023747), 2007 Mini Performance Focal Manager
Training, November & December 2006 – [REDACTED]

c. Exhibit 3 (ADOBE_015059) FY '07 Incentive Program Updates, February
15, 2007 – “differentiate rewards based on performance”;

d. Exhibit 4 (ADOBE_009668) HR All Hands, September 11, 2008 –
“Developing total reward programs that are differentiated based on performance”; “increasing
focus on differentiation of rewards based on performance”; and

e. Exhibit 5 (ADOBE_009295) HR Strategic Plan 2010 – 2013, “Continue to
evolve culture towards pay for performance.”

II. HOW ADOBE SETS COMPENSATION FOR EXISTING EMPLOYEES

9. Because of Adobe's strong emphasis on tying compensation to performance and
differentiating compensation across employees, each employee's compensation was determined
by that employee's manager who is in the best position to assess that employee's performance.

A. BASE SALARY

1. Performance Evaluations

ATTORNEYS EYES ONLY

ATTORNEYS EYES ONLY

[REDACTED] Adobe's compensation team built the salary ranges for
13 each job code for the coming year by setting the mid-point of the salary range at a certain
14 percentile of the survey data, then setting a maximum and a minimum. The target midpoint has
15 changed over the years and varied across job functions. For example, the 2005 target midpoint
16 for various jobs is set forth in Exhibit 1 (ADOBESTOCKFOCAL), which is a true and correct copy of
17 Adobe's 2005 Performance, Salary & Stock Focal. The maximum and minimum of the salary
18 range was then calculated by applying a spread, which also varied over the years and across job
19 levels. The spread varied between 50% to around 70% for different job levels during the Class
20 Period. After the salary ranges were set, they were loaded onto the internal salary website for
21 access by all managers in the company.

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ATTORNEYS EYES ONLY

3. Budget

2 22. Each year, Adobe determined a budget for managers to use for merit-based salary
3 increases and promotions. The budget has varied over the years; for example, it was 5% for 2005
4 and 5.5% for 2008. See, for example, Exhibit 1, which is a true and correct copy of the 2005
5 Focal Review (ADOBE_015864). [REDACTED]

B. BONUS AND EQUITY

C. TIMING OF ANNUAL COMPENSATION ADJUSTMENTS

28 27. Generally, adjustments to employee compensation occurred during the focal

1 period described above. Prior to 2007, the annual base salary, bonus, and equity grant
2 adjustments became effective June 1st. In 2007, Adobe shifted its model to align the review
3 period with the end of the fiscal year, making the annual salary, bonus, and equity grant
4 adjustments effective on February 1st.

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ATTORNEYS EYES ONLY

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1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 **V. MERGERS AND ACQUISITIONS**

7 35. In December of 2005, Adobe acquired San Francisco-based Macromedia, a
8 leading software solutions company. The acquisition added approximately 1,200 employees to
9 Adobe's headcount. The new employees had to be integrated into our company. [REDACTED]

12 36. After Macromedia, Adobe continued to make acquisitions, including the
13 acquisition of Navisware in 2005; TTF, Pixmantec, Interakt, Amicima, Serious Magic, and
14 Antepo in 2006; Scene7 and Virtual Ubiquity in 2007; Meer Meer and Yawah in 2008; and
15 Business Catalyst and Omniture in 2009. The most significant of these acquisitions was the
16 acquisition of Omniture, which added approximately 1,100 employees. [REDACTED]

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20 I declare under penalty of perjury under the laws of the United States that the foregoing is
21 true and correct. Executed this 9th day of November 2012 in San Jose, California.

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ATTORNEYS EYES ONLY

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Morris Declaration
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